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High-level segment (*continued*)

Provisional summary record of the 18th meeting
Held at Headquarters, New York, on Tuesday, 29 June 2004, at 10 a.m.

President: Ms. Rasi ..... (Finland)

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The meeting was called to order at 10.15 a.m.

Adoption of the agenda and other organizational matters (*continued*) (E/2004/84)

1. **The President** drew attention to document E/2004/84, containing requests from certain non-governmental organizations to be heard by the Council. The Committee on Non-Governmental Organizations had decided to recommend that those organizations should be heard under the agenda items indicated in the document. In addition, the Council had received a request from the Association for Democratic Initiatives to be heard under agenda item 4 (a). In the absence of objection, she would take it that the Council agreed to hear statements from all those organizations.

2. *It was so decided.*

Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (*continued*) (E/2004/33, E/2004/54 and E/2004/75 (chap. I))

3. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs), introducing the report of the Secretary-General (E/2004/54), said that since the Council was preparing for the review in 2005 of progress towards the goals of the Millennium Declaration it was entirely appropriate to address the problems of the least developed countries. To achieve the principal goal set in the Brussels Programme of Action, that of substantial progress towards halving the proportion of people living in extreme poverty and suffering from hunger by 2015, the least developed countries would have to attain rates of growth in gross domestic product (GDP) of at least 7 per cent a year, and increase the ratio of investment to GDP to 25 per cent. Only 7 of the 45 countries for which data were available had so far achieved a growth rate of 7 per cent, and most were unlikely to do so. Four key factors were hampering their development: debt, overdependence on a limited group of commodities, inadequate levels of official development assistance (ODA), and the risk of conflict.

4. Under the Heavily Indebted Poor Countries (HIPC) Initiative, 10 least developed countries had managed to reduce their debt burden considerably and had reached the set "completion point", while a further 11 had reached "decision point". However, only 32 of the 50 least developed countries were eligible to participate in that Initiative, and it was far from certain that HIPC countries would be able to service their remaining debts even if given the full debt relief available under it. Before loans were approved, there should be a more systematic analysis of the ability of the borrowing countries to repay them. He therefore welcomed the new debt sustainability framework being developed by the World Bank and the International Monetary Fund (IMF), which emphasized the need for sound domestic policies and institutions as well as adequate instruments to ward off debt servicing difficulties. Where policies were already sound but the level of debt was unsustainable, concessionary loans or grants should be provided. ODA should be reoriented towards grants rather than loans, and the outright cancellation of multilateral and bilateral debts might be the only way to ensure future debt sustainability and adequate financing for achieving the Millennium Development Goals.

5. The economies of many least developed countries remained fragile because of their overdependence on certain commodities and their inability to diversify exports. Prices of non-oil commodities had fallen by more than one third since 1980, while price fluctuations in commodity prices made export earnings unpredictable and had a serious negative impact on development and debt sustainability. The link between commodity price changes and debt sustainability should be closely studied. In addition, all countries should help the least developed countries to diversify their production and exports by providing free market access for their exports and removing tariff and non-tariff barriers, especially for agricultural products. Industrial countries should eliminate subsidies and other trade-distorting measures. For their part, the least developed countries should make effective use of financial resources to build capacity in manufacturing and other sectors. Provided that their shortcomings were eliminated, it should be possible to use international commodity agreements as instruments for combating the excessive price volatility and oversupply which were typical of some commodity markets. The cyclical pattern of commodity prices could be countered, in part, through compensatory financing for shortfalls in export earnings and the introduction of a counter-cyclical pattern of aid flows.

6. Both foreign and direct investment in the least developed countries could be increased through ODA and technical assistance. ODA remained a major source of external finance in countries which were unable to attract any other source. The international community must therefore fulfil the commitment it had made at Monterrey to meet the overall ODA target of 0.7 per cent of gross national product, and the specific target for least developed countries of 0.15 per cent. Support for investment in human development should be kept at a high level, along with a renewed emphasis on creating productive and trading capacity.

7. Eighty per cent of the world's poorest countries had experienced a major civil war in the past 15 years. Lack of development was itself a factor leading to instability and conflict. Least developed countries emerging from conflict needed special measures both for reconstruction and for achieving the developmental goals vital to future stability. It was therefore important that the Council should build upon the new role it had established in mobilizing international support to post-conflict countries. Through integrated and coordinated action by the United Nations system, it could help to anticipate future threats to peace and stability.

8. **Mr. Chowdhury** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) said that the theme for the high-level segment was the preferred choice of several regions and specialized agencies. Moreover, the debates on the theme of the high-level segment coincided with the third anniversary of the adoption of the Brussels Programme of Action, which emphasized the need for a more supportive international environment to achieve real poverty reduction in the least developed countries, where, four out of five people were living on one dollar a day. Many least developed countries were in conflict or exposed to repeated natural disasters. The key to implementing the Programme of Action was to combine a supply of financial resources for development with the creation of the necessary policy and regulatory environment, as explained in the report of the Secretary-General (E/2004/54).

9. Real gross domestic product (GDP) in the least developed countries, taken as a group, had been growing faster during the first three years of the new millennium than in the previous decade, and some of them had been performing very well. However, others were performing badly, and in all of them, and especially in non-oil-exporting countries and those dependent on agriculture, it was vital to sustain recent positive trends. In the past three years, the annual average rate of growth of GDP had been less than half the target rate in 22 of the least developed countries, and in 13 of them GDP had actually declined. The least developed countries were caught in a "poverty trap" in which slow growth and low income combined to limit domestic savings, which in turn restricted the scope for increased investment and economic growth. Unless they could achieve the Brussels goals by 2010, the attainment of the Millennium Development Goals by 2015 would be in jeopardy. The least developed countries must keep up their domestic reform efforts with the aim of improving efficiency, transparency and accountability in the administration of public resources and public spending, while creating an effective structure of governance and a business-friendly environment.

10. Domestic policies on aid, investment and trade must be matched by increases in development assistance and investment by the development partners, debt relief, and free and fair trade. Although total net resource flows to the least developed countries had reached almost $17 billion in 2002, representing a 7 per cent increase, two thirds of total ODA growth in that year had gone to four countries: Mozambique, Afghanistan, the Democratic Republic of the Congo and Zambia. The alignment of donor assistance and the harmonization of donor requirements would help to reduce the transaction cost of development assistance and to enhance the effectiveness of aid. The unpredictability of yearly ODA allocations could be offset through commitments to ODA flows for the medium or long term. However, ODA was no panacea in itself. The Enhanced Heavily Indebted Poor Countries Initiative must be speedily implemented and bilateral debts cancelled. Distorting subsidies and high tariffs in industrial countries should be eliminated, to enable producers in the least developed countries to compete internationally. The existing preferential schemes in favour of those countries should be improved by making them predictable in the longer term, extending the range of products covered and introducing more realistic rules of origin.

11. Remittances from migrants were a major source of resource flows for many of the least developed countries. Steps should be taken to enable migrants to

transfer remittances through the formal financial system at reasonable cost, and policy incentives should be introduced to channel the funds to productive sectors. Since much of the trade of the least developed countries took place with other developing countries and had approximately doubled over the past 23 years, South-South cooperation could become an additional source of resource flows. An additional $15.5 billion in trade could be generated if developing countries halved the average tariffs they applied to each other. The least developed countries should be encouraged to take advantage of the third round of negotiations for the Global System of Trade Preferences.

12. In conclusion, he expressed the hope that the ministerial declaration to be adopted at the end of the high-level segment would be genuinely action-oriented.

13. **Mr. Al-Mahmoud** (Qatar), speaking on behalf of the Group of 77 and China, welcomed the impetus which the Council had given to the mainstreaming of the Brussels Programme of Action into the programmes of work of the specialized agencies and multilateral agencies of the United Nations system. Further steps must be taken to enhance cooperation between the least developed countries and other countries at the regional and international levels, to establish effective mechanisms to assess the economic and social performance of least developed countries, and to monitor the implementation of the Programme of Action. The measures set out in the Programme of Action should be acted upon in a manner consistent with the national development policies of the least developed countries. The Council could play a major role in mobilizing the international potential for meeting the targets in the Programme. Although some improvement had taken place in the flows of ODA to the least developed countries, and in increasing access to global markets for the products of those countries, their share of world trade was still negligible. Moreover, their chances of sustainable growth were imperilled by insufficient flows of foreign direct investment (FDI), over-reliance on basic commodities and limited external debt relief.

14. Accordingly, the Group of 77 and China reaffirmed the importance of implementing the Brussels Programme of Action and the Millennium Development Goals, as well as the commitments undertaken in the Monterrey Consensus and at the Doha Conference. For that purpose, the least developed countries must be helped to act with their development partners to build human and institutional capacities, foster a people-centred policy framework, promote good governance and mobilize more financial resources through the private trust funds and from external sources. He commended the efforts made by the office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States to consult with governments, civil society and the private sector in those countries, and with multilateral organizations and donors, to find the best ways of implementing the Brussels Programme of Action. It was important to promote genuine development partnerships, including those with civil society and the private sector, in order to remove the obstacles to implementing the Programme of Action. He urged donor countries to provide free market access for the products of least developed countries, to remove tariff barriers and to clear the way for those countries to compete with others on an equal footing. Donor countries should continue to provide them with the necessary technical support to meet the goals of the Programme of Action.

15. The Group of 77 and China supported international efforts to assist countries emerging from conflict, by providing external debt relief for the heavily indebted poor countries and increasing foreign direct investment, as well as by promoting an enabling environment for poverty eradication, peaceful solutions of conflicts and respect for internationally recognized human rights. The member States of the Council and other partners should address the challenges in mobilizing resources for poverty eradication by reinforcing their determination to fulfil their own commitments and by improving cooperation among the United Nations agencies, the Bretton Woods institutions and the World Trade Organization. The goals and objectives of the Brussels Programme of Action were practical instruments for achieving economic and social development in the least developed countries, and the Group of 77 and China would continue to pursue them.

16. **Mr. Kitt** (Ireland), speaking on behalf of the European Union, the candidate countries (Bulgaria, Croatia, Romania and Turkey) and the stabilization and association process countries (Albania, Bosnia and Herzegovina, Serbia and Montenegro and the former Yugoslav Republic of Macedonia) said that the

principal objective of European Union development cooperation was to support efforts aimed at reducing and eventually eradicating poverty. The sustainable development of least developed countries was, therefore, at the heart of European Union development activities. Having hosted the Third United Nations Conference on the Least Developed Countries in Brussels in 2001, the European Union had a special sense of ownership of its outcome and remained strongly committed to the achievement of its objectives.

17. The European Union was deeply concerned that many least developed countries, particularly, in sub-Saharan Africa, were not making substantial progress towards the achievement of the Millennium Declaration or other internationally agreed development goals. If current trends persisted, the number of people living in extreme poverty in least developed countries would increase from 334 million in 2000 to 471 million in 2015. By that time, assuming current positive progress in Asia continued, the least developed countries would be the major locus of global poverty.

18. Highlighting the main thrusts of the Millennium Declaration and the Brussels Declaration, he noted that current donor practices provided for co-development with partner countries through nationally-owned and nationally-driven planning processes, including country-led and participative poverty reduction strategies. Good governance was essential for sustainable development. Sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure were the basis for sustained economic growth, poverty eradication and employment creation. Freedom, peace and security, domestic stability, respect for human rights, including the right to development, respect for the rule of law, gender equality, market-oriented policies, and an overall commitment to just and democratic societies were also essential and mutually reinforcing.

19. The extent to which a gender perspective was integrated in the planning processes of least developed countries heavily influenced the effectiveness of their national development strategies. Development policies and programmes that failed to fully analyse inequalities between women and men and to identify strategies to address such inequalities would not contribute fully to either the creation of the conditions necessary for sustainable development or to the achievement of the Millennium Development Goals. The European Union reaffirmed that gender equality was a goal in itself and also a path towards achieving the Millennium Development Goals; no strategy for achieving those goals could fail to address women's empowerment as a central concern.

20. Noting that peace and security were fundamental to the development of the least developed countries, he said that the European Union had warmly welcomed the establishment of the Peace and Security Council, which would provide the African Union with a more robust and proactive mechanism to deal with challenges to peace and security, including the promotion of respect for international humanitarian law and the Geneva Conventions. The European Union was committed to strengthening conflict prevention in Africa and had established an African Peace Facility, in the amount of 250 million euros, to help build up African capabilities for addressing and resolving conflicts, including through the deployment of African peacekeeping missions.

21. Another acute concern was the spread of HIV/AIDS in the least developed countries. The European Union, which had been instrumental in establishing, funding and promoting the effectiveness of the Global Fund to fight AIDS, tuberculosis and malaria, was determined to ensure that the Fund promptly disbursed funding in support of programmes directed at prevention and the treatment and care of people living with HIV/AIDS, and that it provided affordable access to medicines and commodities.

22. As the resources devoted to the fight against HIV/AIDS increased, it was important to avoid duplication of effort and lack of coordination, and the European Union supported initiatives designed to coordinate the work of all partners. It also welcomed recent positive developments in relation to the provision of anti-retroviral drugs at affordable prices in the world's poorest countries. In that context, it underlined the importance of the WTO General Council decision relating to paragraph 6 of the Doha Declaration on the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and Public Health. The European Union undertook to proceed, without delay, with the corresponding amendment of the TRIPS Agreement and its implementation in domestic legislation.

23. Turning to the threats to the global environment, a common concern of all countries, he said that the

least developed countries were particularly vulnerable to a variety of natural shocks and such global environmental phenomena as the loss of biological diversity, drought, desertification and sea-level rise. The European Union was committed to supporting the environmental protection efforts of least developed countries in the context of sustainable development, in particular in achieving the goals set forth in the Johannesburg Plan of Implementation.

24. In January 2004, the European Union Council of Ministers had reaffirmed that, in addition to increasing ODA flows, Governments must ensure that all external policies affecting developing countries supported achievement of the Millennium Development Goals. The European Union had made a major contribution to the funding of the Heavily Indebted Poor Countries (HIPC) Initiative. Its member States had provided bilateral relief both within and beyond the terms of the Initiative and welcomed the proposal at the most recent G8 meeting to extend the sunset date of HIPC and to provide the necessary financing for completion of the Initiative.

25. Noting that the least developed countries had been unable for the most part to harness globalization to their development and to take full advantage of new market opportunities, he said that the European Union was implementing the commitment agreed at the Third United Nations Conference on the Least Developed Countries to provide duty- and quota-free access to all products from those countries. Preferential imports from least developed countries under the European Union's Everything but Arms initiative and other arrangements amounted to 10 billion euros. That commitment should be implemented by all developed countries, including through measures to improve the effectiveness and ease of use of developed countries' respective preference programmes. As the share of South-South trade in world trade increased, advanced developing countries should also provide duty- and quota-free access to least developed country exports.

26. The European Union was committed to better integrating the least developed countries in the multilateral trading system, and it therefore strongly supported their facilitated accession to WTO as well as placing their needs at the heart of the Doha Development Agenda. Indeed, under a recent proposal submitted by the European Union commissioners to all WTO members, all forms of export subsidies on agricultural goods in the framework of the Doha Development Agenda would be eliminated, greatly benefiting least developed countries, many of which were dependent on a limited number of commodities for their export earnings. Acceptance of that proposal would help provide further integration of least developed countries into the global trading system.

27. In April 2004, the European Union had adopted an action plan on agricultural commodity chains, dependence and poverty and a proposal for a European Union-Africa partnership on cotton. The European Union supported an effective and specific solution within the WTO agricultural negotiations, which should aim at the elimination of all forms of export support on cotton. Developed and major developing countries should follow the European Union in providing complete market access to cotton and cotton-based products from least developed countries. They should also strive to secure a commitment from major cotton-producing countries to undertake reforms with respect to trade-distorting domestic support. In that regard, the European Union had agreed on the reform of its own cotton regime, which would reduce its trade-distorting impact and improve coherence with the European Community's development policy.

28. **Mr. Ngatjizeko** (Namibia) said that the current session of the Council should focus attention on how to effectively mobilize resources and create an enabling environment to attain the objectives of the Brussels Programme of Action. Since the adoption of the Programme of Action, the number of least developed countries had increased and the current GDP growth rate in many of them was even worse than it had been in 2001. The target of halving extreme poverty by the year 2015 set in both the Brussels Programme of Action and the Millennium Declaration was unlikely to be met in many developing countries, especially the least developed ones. Even more worrying was the certainty that the number of people living in abject poverty would increase sharply by 2015 if current trends continued.

29. The major responsibility for implementing the Brussels Programme of Action lay with the least developed countries, but the challenges they faced were enormous and included a lack of capacity to mobilize domestic resources, as well as the fact that many were either landlocked, small islands or emerging from conflicts. Those challenges hardly left room for creating a domestic enabling environment for sustainable development. In addition, they faced

commodity price volatility, agricultural subsidies and other trade-distorting policies as well as limited access to markets. Development partners had committed themselves to mobilizing external resources through increased ODA, FDI, debt relief, coherence and harmonization of aid policies, among others. Yet, resource shortfall remained the main impediment to the implementation of the Brussels Programme of Action.

30. The recommendations contained in the Secretary-General's report merited the Council's serious consideration. The international community should consider contributing a greater part of its aid to the least developed countries in the form of grants. Debt cancellation should also be seriously considered, as should better ways and means of ensuring a smooth transition for countries graduating from the least developed category.

31. Perhaps the greatest challenge facing the developing world, especially in sub-Saharan Africa, was the problem of disease, especially the HIV/AIDS pandemic, and it was therefore not possible to talk about sustainable development if that problem was not addressed.

32. **Ms. Lehtomäki** (Finland) said that more efforts, both domestic and external, were needed if the agreed targets of the Brussels Programme of Action were to be met. The Programme of Action and the Brussels Declaration had clearly emphasized that the main responsibility for the sustainable development of least developed countries lay with those countries themselves. It was equally clear, however, that partnership and shared responsibility were vital in addressing those countries' needs. Regional and South-South cooperation were also important, as was the enhanced effectiveness of the development assistance provided by bilateral and multilateral donors.

33. Investment, production, trade, debt and aid could not be discussed in isolation and issues such as good governance at the national and international levels, respect for human rights, fair income distribution, gender equality and the fight against corruption were all necessary elements in the development process. In that context, special attention should be given to linking poverty eradication to the promotion of gender equality. Women were disadvantaged owing to widely spread gender biases in the economy, including lack of access to and control over productive resources. Addressing gender differences through macroeconomic policies was crucial to effective poverty reduction. Another major challenge was the HIV/AIDS epidemic. Ways must be found to increase access to better prevention and care worldwide, and particular emphasis must be given to identifying and combating the root causes of the disease, including poverty, gender inequality and ignorance.

34. The least developed countries should not be further marginalized because of globalization. Their integration into the world economy demanded coherence in international trade and development policies. One of the areas requiring critical attention was agriculture, since the majority of the poor lived in rural areas. In that regard, the promotion of market access for locally produced commodities and capacity-building were important priorities. The report of the World Commission on the Social Dimension of Globalization contained concrete recommendations on strengthening the social dimension of globalization. Its most significant contribution was the emphasis it put on employment and the concept of decent work. Finland and the United Republic of Tanzania, whose Presidents had co-chaired the World Commission, had also been active in establishing a new forum to promote more equal and balanced global governance. The Helsinki process had invited stakeholders hailing from a variety of backgrounds from the North and the South to discuss and identify new ways of solving global problems.

35. Her Government had adopted a white paper on development policy for 2004-2007 which reaffirmed its commitment to the Millennium Declaration and in particular to the eradication of extreme poverty. It was putting increased emphasis on policy coherence of actions in support of multilateral organizations in the European Union context as well as national and bilateral policies. Finland's involvement at the country level would continue to be guided by the poverty reduction strategies of the partner countries. Her Government had committed itself to increasing its ODA disbursements to 0.44 per cent of gross national income by 2007. The aim was to reach the 0.7 per cent target by 2010. Almost a third of Finland's bilateral ODA had gone to least developed countries in 2002.

36. To operationalize the link between trade and poverty reduction, it was necessary to make trade reforms and progressive trade liberalization part of wider, country-owned development strategies. The challenge was to improve the coherence between trade

and development policies. It was also critical to adopt principles of good governance, combat corruption, promote human rights and introduce mechanisms for fairer income distribution.

37. Development finance policies had improved in many least developed countries in sub-Saharan Africa, and the capacity to make effective use of resources for development, both domestic and external, had been strengthened. The development policy of the European Community gave priority to least developed countries and low-income countries in its resource allocation. In January 2004, the European Union had agreed to consider extending the use of needs-based allocation criteria to all Community external assistance. As policies and domestic environments improved, least developed countries would be able to absorb more ODA and make effective use of the money to reduce poverty. In 2002, European Union ODA had risen by 5.8 per cent in real terms, to 0.34 per cent of European Union gross national income, amounting to $29 billion, or approximately 50 per cent of global ODA flows. If current trends persisted, collective ODA from the 25 member States of the European Union should increase to over $40 billion in 2006. In March 2004, the European Union had launched a new Water Facility to support access to clean water and sanitation for people in Africa, the Caribbean and the Pacific. Two hundred and fifty million euros had been allocated immediately to the Facility and a further 250 million euros would be made available as necessary.

38. **Mr. Maokola-Madjogo** (United Republic of Tanzania) said that the issue of resources mobilization was critical, since without the necessary domestic and foreign financing, it would be difficult for Africa and the least developed countries in general to make progress in eradicating poverty. A comprehensive strategy was therefore required. At the international level, trends in ODA should be addressed, as well as debt relief, trade openness, market access and foreign direct investment. At the national level, developing countries should review their tax systems with a view to improving the investment and regulatory environment.

39. In implementing its poverty reduction strategy, his country still faced a number of challenges: poverty levels remained high and growth rates had not yet reached the required minimum rate of 8 per cent. His Government was fully aware of the need to mobilize and effectively utilize domestic resources. In 2002, it had finalized the Tanzania Assistance Strategy, a framework for partnership in development aimed at improving aid coordination and enhancing national ownership of the development process. Emphasis in that regard was placed on ensuring that donor support was channelled through the Government budget and that the various processes were harmonized to reduce transaction costs, allow for flexibility in financing priority interventions and ensure predictability of such support. A performance assessment framework had also been developed, on the basis of which disbursements of budget support were determined without further conditions, thus discouraging the creation of parallel structures.

40. His Government was continuing reforms designed to ensure that the operating environment was conducive to sustainable growth, attractive to private sector investment and able to enhance absorptive capacity, especially at community levels, for the effective and efficient utilization of resources. Efforts were also being made to ensure access to low-cost credit for the poor. In addition, measures were being taken to improve support infrastructure and strengthen the statistical structure necessary for monitoring progress and evaluating impact. Good governance, especially the fight against corruption, was also a priority for his Government.

41. As part of its efforts, the Government needed to build the necessary human and institutional capacities and to stop the advance of HIV/AIDS. As was demonstrated by the successful Tanzania Social Action Front, whose secret lay in its participatory approach, the war against poverty could be won with common resolve and dedication. The strengthening of partnerships between governments, civil society and the private sector was vital.

42. In conclusion, he urged the international community to honour its commitments with respect to access to markets, greater and more predictable aid and debt relief. Implementation of the eighth Millennium Development Goals, including the establishment of indicators to assess performance, was critical.

43. **Ms. Wakana** (Burundi) said that, despite the substantial progress made by her country on the political and macroeconomic fronts, the country's needs could not be met without additional ODA, fresh flows of foreign direct investment, eligibility for the HIPC Initiative and increased access to world markets.

Unfortunately, ODA flows had decreased sharply during the country's political, economic and social crisis, the country was heavily indebted and was far from attaining the decision point to get access to the HIPC Initiative, while foreign investors remained uneasy about investing in the country.

44. In that regard, she expressed gratitude to the Council for establishing the Ad Hoc Advisory Group on Burundi and to the International Monetary Fund for easing its usual stringent practices, especially with respect to the adoption of a poverty reduction and growth facility for Burundi, as well as to the World Bank, the United Nations Development Programme, the European Union and the Paris Club.

45. Burundi's experience had led it to a number of conclusions. Least developed countries must redouble their efforts to improve the institutional and macroeconomic framework in their countries in order to mobilize more domestic resources, promote both national and foreign investment and integrate into the world market. Donors must provide the appropriate technical and financial assistance to the institutions responsible for peace and security, good governance and strategic guidance of the economy. Initiatives should be coordinated in order to focus on absolute priorities and ensure synergy. Since the customary mechanisms for mobilizing foreign resources had many conditionalities which least developed countries in post-crisis situations found virtually impossible to meet, consideration should be given to establishing a multilateral fund that could easily mobilize resources to respond to such situations. Furthermore, improving implementation of the Brussels Programme of Action would require the development of measurable performance indicators for purposes of comparison.

46. **Mr. Simeon** (Observer for Haiti) expressed his Government's gratitude for the international solidarity shown towards Haiti after the recent floods which had claimed more than 2,500 lives. Haiti's participation in the high-level segment was a sign of the importance it attached to exploring policies for generating domestic wealth, increasing financial resources, improving the distribution of public expenditure and promoting private investment.

47. The invaluable contribution of the local private sector as a mechanism for poverty eradication gave microcredit a special status as an instrument to provide the poor with the means to improve their lives and accumulate assets. Moreover, microcredit schemes could trigger a wide range of social benefits by improving access to basic social and welfare services. As recent developments in Haiti had shown, labour-intensive programmes could provide opportunities for the creation of a large number of temporary jobs. Employment must be encouraged by strengthening and increasing the credit available to small businesses, with special emphasis on the participation of women. Microcredit could also play a role in halting the alarming erosion of income in the poorest sectors of society and supporting the promotion of self-employment in rural and urban areas.

48. For some time, developing countries had begun to grasp the need to encourage FDI in order to improve their access to markets and resources and to boost their industrial competitiveness. Outlining six broad categories of measures for the promotion of such investment, he stressed the need to strengthen infrastructure networks, harmonization and the application of regional instruments of trade facilitation, including customs and administrative procedures. Despite the difficulties encountered in recent years, Haiti would persevere in creating the conditions necessary for attracting investment. In terms of access to trade, investment promotion should target rural populations that earned their livelihood from the export of basic products. To that end, developing countries should expand and diversify the range of export products offered, while developed countries should seek to dismantle tariff barriers.

49. He underscored the role of partnerships in resource mobilization. His Government had prepared a regulatory partnership framework for decentralized participatory development as a strategic priority for the development of the private sector and small and medium-sized enterprises. In an effort to integrate Haiti into regional and international markets, the Government planned to create five facilitation centres for the development of investment and exports and to encourage the establishment of trade and export-processing zones and of tourism and organic farming areas.

50. Investment in water supply and sanitation infrastructure and the sustainable development of human habitat were essential to the prevention of disease and improvement of living standards. He acknowledged the role of sound public administration and good governance at the domestic and international

levels and stressed the need for a substantial increase in ODA.

51. He joined previous speakers in referring to the outcomes of the major international conferences, including the Brussels Programme of Action, and took the opportunity to reiterate the appeal launched by the Group of 77 and China in a Ministerial Declaration adopted in São Paulo in June 2004, on the need for international development cooperation to take national strategies fully into account. In conclusion, he informed the Council that Haiti would present a framework for interim cooperation with the international community in Washington in July 2004, the contents of which were relevant to the current discussions within the Council.

52. **Mr. Kutesa** (Observer for Uganda) said that Uganda had developed a Poverty Eradication Action Plan based on sustainable economic growth and structural transformation, good governance and security, and increased income and improved quality of life for the poor. From the outset, the Action Plan had established strong linkages with both the Brussels Programme of Action and the Millennium Development Goals. His Government now faced the challenge of identifying additional reforms which would permit the economy to build on the successes of the 1990s and resume growth at the 7 per cent rate required for Uganda to meet its poverty eradication objectives. An additional challenge was posed by the fact that growth had been unevenly distributed, because of persisting conflicts in some regions and slow improvement in human development outcomes in others.

53. One of the lessons Uganda had learned from its programme of economic reform was that, in addition to development assistance, sustainable poverty reduction required that countries should have access to a fair share of global trade. The free flow of trade should be accompanied by a transfer of modern technologies from the developed world to the developing countries, since without technical skills poor were denied the opportunity of participating in the global economy. As foreign direct investment was the main external driver for technology transfer, it was important to nurture a domestic climate that was favourable to private sector activity.

54. In addition to improving the investment climate, it was essential to provide a sound legal and regulatory framework, strengthen public and corporate governance, and improve access to key financial and infrastructure services. While recipient countries had the duty to establish those conditions, donors should also assist in channelling aid to investment in order to boost employment revenues and reduce debt.

55. The establishment of the New Partnership for Africa's Development (NEPAD) was an important initiative that demonstrated Africa's wish to bear the responsibility for its own development and integration into the world economy. He urged the international community to rally behind NEPAD and to contribute to the realization of its goals and objectives, particularly in the areas of infrastructure development, investment capital, financial services and the peer review process. The Brussels Programme of Action and NEPAD should complement each other in the achievement of the Millennium Development Goals.

56. **Mr. Horn** (United States of America) said that his Government was committed to eliminating poverty, promoting development and prosperity, and strengthening domestic institutions. It attached great importance to creating an enabling environment for sustained growth.

57. He described his Government's contributions to poverty eradication in terms of ODA and preferential arrangements accorded under the African Growth and Opportunity Act to imports from the region. Moreover, the United States looked forward to the successful completion of negotiations in fulfilment of the Doha Development Agenda and had proposed ambitious reforms in market access, domestic support and export competition for the elimination of all tariffs and other trade-distorting measures. In addition, the United States had launched an Emergency Plan for HIV/AIDS relief in 14 severely affected countries and had contributed $623 million to the Global Fund to fight AIDS, Tuberculosis and Malaria.

58. With regard to domestic institutions, he said that children living with a single parent were more likely than children from a two-parent family to suffer emotional or behavioural problems and to be victims of child abuse or neglect. Accordingly, his Government had given priority to programmes that specifically encouraged stable marriages and responsible fatherhood.

59. In conclusion, he drew the attention of the Council to the fact that some countries no longer met

the criteria for designation as least developed countries, while others deserved consideration as such.

60. **Mr. Biaou** (Benin) expressed his concern that, as had been the case with the two previous programmes adopted on behalf of the least developed countries, the objectives of the Brussels Programme of Action would not be met. It was therefore imperative that stakeholders should exert a greater effort in certain priority areas. For example, an enabling environment must be sustained at both the national and international levels in order, not only to ensure the mobilization of resources necessary for the implementation of the Programme, but also to provide a suitable framework for such implementation. At the national level, least developed countries must be committed to good governance and respect for internationally recognized human rights and must establish an effective legal and regulatory framework in order to strengthen the rule of law and to encourage real participation in development, in close cooperation with all national and local actors.

61. As to aid to the least developed countries, he commended the European donors which had exceeded the target level of 0.2 per cent of their gross national product. The HIPC Initiative should be extended to all least developed countries, and other measures, such as total cancellation of official bilateral debt, should be adopted to ease the debt burden. Although trade was an important instrument for the mobilization of external resources, unfavourable market access conditions prevented many countries from taking full advantage of its benefits. Development partners ought to permit access to all exports from the least developed countries without imposing quantitative, tariff or non-tariff restrictions or applying agricultural subsidy policies that undermined the competitiveness of products from the least developed countries. Furthermore, development partners should adopt domestic measures to encourage investment in the productive sectors of the least developed countries in order to support their efforts to build the base needed for development. Another aspect of resource mobilization deserving attention was remittances: host countries should do their utmost to facilitate the payments made by immigrant workers to their families in their countries of origin.

62. **Mr. Antonione** (Italy) stated that his Government broadly agreed with the conclusions and recommendations of the Secretary-General in document E/2004/54. It was strongly committed to the implementation of the Millennium Development Goals, the Monterrey Consensus and the Brussels Programme of Action for the Least Developed Countries. Since the beginning of the decade, Italy had significantly increased the share of its ODA disbursed to least developed countries and was committed to increasing that figure to 0.33 percent of national GDP by 2006. His Government fully supported the renewed commitment of the European Union to addressing the challenges of dependence on such commodities as cotton. More specifically, it felt that the international community must help all least developed countries that were commodity-dependent, regardless of the region or continent to which they belonged, with a view to enabling them to diversify their production patterns and become more fully integrated in the world economy. They should also be helped to make fuller use of any trade preferences: the developed countries and the more advanced developing countries should both grant them duty-free and quota-free market access. Market-oriented steps should be taken to help producers to overcome price instability. Through negotiations and technical assistance, deeper regional integration should be achieved so that internal and external economies of scale could be exploited.

63. Italy was prepared to cancel another $2.5 billion of least developed countries debt in addition to the $2 billion already cancelled to date. About $1 billion of that amount would be additional bilateral debt relief beyond the enhanced HIPC Initiative. His Government supported the extension of the HIPC Initiative in order to allow countries that had not yet qualified for the Initiative to benefit from debt cancellation. It recognized the crucial role of the private sector as the engine of economic development in the least developed world. For that reason, it had supported from 1993 to 2000, a total of 75 initiatives amounting to $570 million of which $400 million had been soft loans and $170 million had been grants. Over the past three years, Italy's support to the private sector in developing countries had substantially increased.

64. Italy was committed to working jointly with multilateral organizations and developed and developing countries to reinforce and better coordinate the capacity of the international community to respond to difficult challenges in post-conflict situations. In support of the establishment of the African Peace Corps, courses for African officers were being offered

at the United Nations Staff College in Turin. More recently, Italy had promoted the G8 action plan, which would expand global capability for peace support operations. Its aid to the operations of the United Nations Logistical Support Base in Brindisi also deserved mention. The World Bank's Fast-Track Initiative, launched in 2002 to mobilize resources to support education for all, was the most effective follow-up of the G8 task force on education which had been chaired by Italy in 2001.

65. His Government believed that the approach to poverty and rural development in the least developed countries should comprise both immediate responses to deal with emergencies of a calamitous nature and long-term structural measures that would encourage sustainable agriculture and food security. In the context of the Johannesburg Plan of Implementation, his Government supported the establishment of national and regional environmental policies and plans which could be integrated into social and economic development models. It was committed to the development and dissemination of renewable energy technologies, energy-efficient techniques and a substantial increase of the renewable energy component in the national and global energy mix.

66. **Mr. Fedotov** (Russian Federation) said that, without the joint efforts of the international community, including the Bretton Woods institutions and the World Trade Organization, it would be impossible to eradicate poverty and alienation. The United Nations, as the most universal and representative of the international organizations, had a key role to play in formulating the relevant policies and priorities. For its part, Russia was ready to increase its involvement in the international partnership working for the benefit of the LDCs. He believed that under circumstances when most LDCs were still unable to attain the growth rates required for achieving such agreed objectives as the Millennium Development Goals, a new impetus was required.

67. It was extremely important to achieve an optimal mix of external assistance and country ownership of adjustment measures. In that context, it was imperative for the least developed countries to focus on incorporating the Millennium Development Goals in their national plans and strategies. Because the debt burden remained a major obstacle that hindered development, his Government was taking action to reduce the debt burden of least developed countries. It would reduce from $26 billion to $600 million the HIPC countries' total debt to the Russian Federation, after the Paris Club terms had been implemented. The LDCs would not, however, derive any long-term benefit from the cancellation of debt unless they developed sound, financial, economic and budgetary policies, instituted structural reform, strengthened State institutions and improved the investment climate. Moreover, they would eliminate poverty and the current marginalization only if allowed to play a meaningful role in world trade. In that regard, Russia had enacted laws to provide a duty-free regime for the traditional exports of least developed countries. The most pressing trade-related problems should be dealt with within the Doha round of trade negotiations.

68. His country fully accepted the priority goals of providing assistance to post-conflict countries and remained convinced that the efforts of the United Nations agencies should be planned in close consultation with the recipient Governments with a view to developing national capacity.

69. **Mr. Adomavicius** (Lithuania) said that people in the modern world were united by the shared desire to leave a better world to their children. In the true sense of globalization, if that desire was not realized in one part of the planet, the rest of it would become vulnerable. Everybody therefore stood to gain if countries were willing to assist each other by sharing experience and knowledge.

70. Only 14 years earlier, his country had started a painful process of economic and social transition from a planned to a market economy. Eleven years later, the exercise had officially been pronounced a success. That success had largely been aided by the implementation of recommendations with the assistance of the international community and, as a result, Lithuania had been able to formulate a national policy aimed at reducing poverty, social exclusion and other forms of inequality. In 2003, the national GDP had grown by more than 9 per cent and Lithuania's economy was currently recognized as one of the fastest growing economies in the world. Because the nationally driven economic and social strategy, complemented by the knowledge and support of the international community, had justified itself, he believed that the exercise could be of use to other countries.

71. Having become a member of the European Union, Lithuania had accepted new responsibilities in

development policy and transformed itself from a recipient to a donor country. Development cooperation had become an integral part of its foreign policy, and his country was ready to assist least developed countries to combat poverty in the context of the European Union's development cooperation as well as within the framework of the United Nations. He saw the Brussels Programme of Action and the Millennium Development Goals as a clear commitment by the international community to tackle the issue of poverty through a comprehensive partnership involving developed and developing countries. The focus must now be placed on implementation and Lithuania was ready to work with the donor community for the successful implementation of the goals defined in the Millennium Declaration.

72. **Mr. Mamed-Kuliev** (Azerbaijan) said that, as a producing country among the newly independent States, Azerbaijan was effectively using its oil reserves and implementing such initiatives as the establishment of oil farms, pursuing a strategy for management of the oil revenues and achieving much success. His country would be willing to share its experience with any of the least developed countries and to accept students for training in the extractive industries.

73. The main focus of attention should be on integration of the least developed countries into the global economy to improve their trade relations. The international community should provide the best possible preferential terms, especially to those least developed countries that were landlocked. Assistance should also be given in creating export-oriented industries and eliminating trade-distorting subsidies. His country agreed with the Secretary-General that assistance to least developed countries should take the form of grants, which could be used for the development of infrastructure and human resources.

74. He welcomed the attention paid in the report of the Secretary-General to the special problems of least developed countries emerging from conflict. The people of those countries were particularly vulnerable and should be helped by means of long-term development and targeted assistance plans. The full-scale mobilization of domestic resources could not be realized unless conflicts were settled and peace and security achieved. He commended the role the Council had played in countries emerging from conflict and recommended that its potential role in situations of unfolding conflict should be further explored.

75. **Mr. Ripert** (France) said that the major conferences organized within the last decade had highlighted the need for solidarity. The current high-level segment of the Economic and Social Council assumed particular importance at a time when preparations were being made for the General Assembly to review the international community's commitment to sustainable development and the realization of the Millennium Development Goals. Having set itself poverty reduction as a primary goal, the international community must look first to the least developed countries, especially those in which the number of people living in poverty had remained stagnant or increased. To be sure, poverty reduction could not be decreed but rather required the mobilization of local, national and international financial resources as well as intellectual and institutional resources. At the local level, achievement of the goal would depend on the successful definition of poverty-reduction strategies that met certain requirements including the need for good governance, the establishment of an enabling economic, legal and financial environment and the promotion of sustainable rural development.

76. In addition to national efforts, the international community must keep its promises and meet its commitments. Despite budget difficulties, his country intended to increase its ODA to 0.5 per cent in 2007 and to 0.7 per cent by 2012. A growing share of its ODA would be devoted to least developed countries in Africa. Increased ODA alone would not, however, be enough: additional resources must be found and innovative mechanisms of financing evolved.

77. The implementation of the Brussels Plan of Action required a trade and financial framework that was favourable to the least developed countries. Differentiated approaches with respect to trade were necessary. The European Union had established the Everything but Arms initiative, which gave products originating in the least developed countries duty-free and quota-free access to the European market. In order to encourage those countries' participation in the World Trade Organization, France was financing programmes to strengthen their trade capacities and negotiating skills for them.

78. In the area of commodities, the action of the international community would also be crucial. The plan of action on commodities adopted by the European Union and the partnership established

between the European Union and Africa with regard to cotton represented a first response to the problem of commodities. France welcomed the establishment at the eleventh session of UNCTAD of a task force to formulate proposals on that subject.

79. A number of countries were graduating from the list of LDCs, thereby demonstrating that poverty was not a permanent condition. It was the duty of the international community to ensure that their graduation would not harm their efforts to reduce poverty, and he found it gratifying that the Members of the Council had agreed on the need to define the guidelines for making the transition. Acceptance by all of the criteria for inclusion in and graduation from the list were essential to the lists credibility.

80. **Mr. Ishikawa** (Japan) said that 60 years previously most towns in his country had been devastated by bombardments. The rebuilding of the nation and its successful reconstruction had been achieved through the strenuous efforts of ordinary people. He was confident that through ordinary people's power, the current plight of least developed countries would become a thing of the past.

81. Peace, security and good governance were prerequisites to building a nation where people could live their lives with dignity. Greater predictability enabled farmers to decide when to sow their seeds. Peace, security and good governance guaranteed ordinary people predictability, social, political and economic participation and, ultimately, hope. Only with hope in their hearts could people make an investment in education and medical care. The three pillars of education, health and gender constituted the most important part of the Millennium Development Goals and a bottom-up approach based on those three pillars was absolutely essential for the achievement of those goals. It was also essential to create a solid and sound national economic environment. Japan had long stressed the importance of nation-building based on confidence and trust in the society.

82. His country led the world in ODA, providing more than one fifth of the world's total ODA. It was firmly committed to helping developing countries to solve the problem of human security which focused on individuals and communities facing threats. The international community should further develop the capacity-building of each person, because empowered people could stand on their own feet in the process of nation-building; once their number reached a critical mass, their nation would be successfully developed with full ownership.

83. He drew attention to natural disaster reduction because his country had more than its fair share of typhoons, earthquakes, tsunamis and volcanic eruptions. The casualties, however, had dramatically decreased since the 1960s because, while the Japanese could not tell typhoons not to come, they could tell their people when and where to go. If greater predictability could be achieved with respect to natural disasters, least developed countries, which had the poorest and most vulnerable inhabitants, would suffer fewer casualties and surmount those obstacles to nation-building. In their case, decades of nation-building efforts could be washed away by a single flood. He invited participants to come to Kobe in January 2005 to participate in the World Conference on Disaster Reduction.

84. **Mr. Dron** (Ukraine) said that his country was prepared to continue supporting efforts to eradicate poverty in the least developed countries. In his report, the Secretary-General had addressed important aspects of issues related to mobilizing resources and had made acceptable and realistic recommendations on priority areas of international cooperation. Many of the recommendations also had important practical significance for countries with economies in transition, including Ukraine, and although such countries did not fall in the category of least developed countries, some of them had similar problems. In that context, he supported the need for the international community to increase its support of countries with economies in transition, with a view to accelerating their integration into the world trade system. That goal was important because those countries were potential donors and in the near future might considerably expand the donor base.

85. Resources for development must include a mix of domestic funds and external assistance. Domestic resources represented the most important source of financing, as they would ensure the sustainability of poverty reduction and economic growth. Attention needed to be given to microfinancing, particularly in rural areas, where the demand was greatest. Above all, a qualitative breakthrough in achieving structural reform and addressing challenges of social and economic development, required the effective use of taxation. Tax reform in the Ukraine had broadened the

tax base and increased the volume of budget income while also having an overall favourable impact on the domestic market. The President of his country had drawn attention to the need to craft a long-term strategy for fine-tuning fiscal legislation. His Government was pursuing a steady effort to further privatize the economy and repatriate capital that had been taken out of the country. It had established a national system to counter money-laundering.

86. The international year of microcredit would be observed in 2005, and he hoped that the initiative would provide additional impetus in improving awareness of the population, respect for the advantages of microcredit and expanded access to financial resources. He expressed appreciation for the efforts of the United Nations Development Programme (UNDP) to assess the credit rating of a number of least developed countries. The enhancement of the sovereign credit rating together with measures to enhance accountability and oversight of the activities of financial institutions, would create fertile ground for developing credit and financial activities. UNDP might wish to extend the practice to countries with economies in transition.

87. In the context of the implementation of the Brussels Programme of Action and other instruments it had become extremely important to mobilize international resources and establish an enabling external environment. He appreciated the positive flow of ODA to developing and least developed countries and believed that international assistance should be concentrated on least developed country economies, which had the greatest need for external financing.

88. Greater integration of countries with economies in transition called for expanded non-discriminatory access to world markets of goods and services. To qualify for membership of the World Trade Organization, Ukraine was harmonizing its domestic legislation with the necessary norms and standards as a matter of priority. He hoped that his country's partners in the bilateral negotiations would demonstrate the necessary flexibility and realism so that Ukraine could become a full-fledged member in the course of 2004.

89. In conclusion, he reaffirmed his country's support to the accelerated and effective implementation of NEPAD. Ukraine was closely following the implementation of the partnership-based initiative in view of its traditional ties to the African continent. His country stood ready to take an effective part in the joint efforts to provide support for Africa's development.

The meeting rose at 1.10 p.m.